

This level of improper payments compares with an error rate of approximately 8 percent in FY 1999. The error rate has fallen by roughly half since it was first estimated at approximately 14 percent in FY 1996.

The FY 2000 payment error rate represents improper payments of \$11.9 billion out of total payments of \$173.6 billion in the traditional fee-for-service Medicare program. This improper payment amount compares with improper payments of \$13.5 billion in FY 1999 and \$23.2 billion in FY 1996.

The Health Care Financing Administration (HCFA) met its target for reducing the Medicare error rate to 7 percent in FY 2000 and continues to take steps to meet its FY 2002 goal of 5 percent.

This continued decline in the Medicare error rate demonstrates the success of all the actions that HCFA has taken to reduce billing errors in Medicare over the past five years. According to the Inspector General, the significant, sustained improvement reflects HCFA's improved oversight, its efforts to clarify Medicare payment policies, and its insistence that doctors and health care providers fully document the services that they provide. Other factors have been new initiatives and resources to prevent, detect and eliminate errors and fraud in Medicare.

Many criticized HCFA when the payment error rate was 14 percent and demanded that HCFA reduce it. Now many criticize HCFA for the actions it has taken to reduce payment errors and for insisting that providers file claims accurately. I say that we should praise HCFA for its efforts to reduce Medicare payment errors, and we should ensure that HCFA does not diminish its efforts to reduce those errors still further. We should not be satisfied with payment errors in Medicare.

To achieve further reductions in Medicare payment errors, we must reduce the complexity of Medicare payment rules and improve provider education and information, but we must continue to insist on accuracy in claims filing. We must increase the resources available to HCFA to help providers file their claims properly and to monitor claims to ensure correctness. We must also provide the resources to upgrade HCFA's claims processing systems and other information technology systems, without which we cannot hope to continue to reduce errors in Medicare payments.